

State Employee Benefits Advisory Council Meeting
July 16, 2012
Statewide Benefits Office
Dover, Delaware

The State Employee Benefits Advisory Council met on July 16, 2012 in the Statewide Benefits Office, 500 W. Loockerman St., Suite 320, Dover, Delaware. The following Council members and guests were present:

Brenda Lakeman, OMB, SW Benefits, Director
Pat Griffin, Chair, SEBAC, AOC
Marsha Carson, SEBAC, DOS

Mary Cooke, SEBAC, DOE
Michael Nichols, SEBAC, DE State Police
Mary Thuresson, OMB, SW Benefits

Ms. Griffin called the meeting to order at 3:20 p.m.

Approval of Minutes – (handout)

Ms. Griffin asked for a motion for approval of the May 10, 2012 minutes. Ms. Cooke made the motion and Ms. Carson seconded the motion. Upon unanimous voice vote the minutes were approved.

Update of SEBC Activities

Ms. Lakeman reviewed the SEBC agenda items for July 20, 2012. There have been three vendor mergers and/or changes of control. Blue Cross Blue Shield of Delaware is now Highmark Blue Cross Blue Shield Delaware. Radio ads began July 9th and a billboard truck is on the highway advertising the change. No new identification (ID) cards are going out until April of next year. They are working on getting the retiree's prescription (EGWP) changed over. ThomsonReuters is now Truven Health Analytics (data mining vendor). Medco merged with Express Scripts in April 2012. It will now be known as Express Scripts. Members will begin seeing the new name by September 1, 2012. The prescription benefits have not changed. There is no change in the network. Members are able to continue to use Walgreens. New cards will not be sent out now. Retirees who are part of the EGWP will get new cards that say Express Scripts. Contracts remain the same with these vendors, only their names are changing. To inform members of these name changes information will be in the WellAware newsletter, on our website and included in letters being sent to pensioners.

Concerning the pensioners who will be part of the EGWP change, letters will go out September 1 to them with information about the program. They will also receive letters from Express Scripts. The Statewide Benefits Office will be holding informational meetings across the state for these retirees explaining EGWP.

There are a couple of other changes with Medco. At the end of this month Medco is closing its on-line health store. They only had 106 purchases from January through March of 2012. In 2010 the SEBC had approved for first time use genetic testing (to see if it will work for them) for users of warfarin, coumadin and tamoxifen. The testing will be discontinued for tamoxifen. Medco will notify providers of this change.

Financials - July through March 31 (the first three quarters) had a 4.3% trend. Claims were up the 3rd and 4th quarters. The claims were higher than expenses and it was expected. A 6% total increase had been expected. They are on track as far as what they had anticipated. It was noted that people had cut back on services and are now getting those needed services. It was uncertain if the Medco rebate would show on the June Fund and Equity report.

The SEBC will need to vote on the transfer of FY12 Drug Subsidy Funds (over \$11M) to be moved to the OPEB trust fund. Funds (maybe \$500,000) that have to go to any non-payroll groups who have their own OPEB funds will need to be subtracted from the amount before it's moved to OPEB. It was noted that the OPEB money affects the State's bond rating. A certain percentage goes into it each pay. Brief discussion followed that for FY12 they did not increase the payroll rate allocated and the Early Retiree Reimbursement Fund reimbursements will no longer be available to use for funding OPEB.

Four legislative items needing consideration were explained. The SEBC will need to vote on those with a fiscal note. The items included:

1. SB 22 Autism Spectrum Disorders
2. HB 265 Oral Cancer Drug Parity
3. HB 76 Prosthetic Parity
4. SB 157 Coverage for Surviving Pensioner's Spouse

Discussion with questions and answers was intermingled.

SEBAC Comments to SEBC

SEBAC supports adoption of coverage for SB 22 Autism Spectrum Disorders and HB265 Oral Cancer Drug Parity. SEBAC supports the transfer of funds from the Drug Subsidy to OPEB. SEBAC supports the transfer of FY12 remaining funds to the OPEB trust.

Public Comment

None.

Other Business

There was brief discussion concerning how FY13 will go financially. Along with Segal they have been debating what trend percentage to use. They may have some additional fees in FY14 and need to look at a higher rate than 6% to use.

Concerning the adult dependent form it will only be in use for one more year. With the January FY14 health laws coming into effect they will not be allowed to say they have to get insurance at their employer so no more form will be needed.

As far as contracts coming up there are none this fall. Early in FY13, which will be for FY14, will be COBRA. Next fall will be the Disability Program. The SEBC had approved the Minnesota Life renewal for a 3 year period at 6.5% decrease in rates. An open enrollment for Life Insurance will be held in November. We will look at the Group Life experience after each year end and may bid after 2 years to make sure we're getting the best deal. Minnesota Life coverage upon retirement or termination was not changed from being able to port 50%.

It was asked if we can give feedback to Hartford. Approvals need to be timely so as not to bump against HR deadlines. There have also been some issues with getting different information. Ms. Lakeman

explained feedback can be given at anytime. A survey could be sent to our HR people. HR needs to work with Leslie Ramsey about vendors if they are getting two different answers. It is on the doctors' side where things sometimes break down.

Ms. Cooke informed that they are extending FMLA for military if the spouse is abroad. The only other item is that the August 27th SEBC may be cancelled. SEBAC will be informed.

Ms. Griffin asked for a motion to adjourn. Ms. Carson made the motion and Ms. Cooke seconded the motion. Upon a unanimous verbal approval the meeting adjourned at 4:28 p.m.

Respectfully submitted,

Mary Thuresson
Administrative Specialist
Statewide Benefits, OMB